

**OI Policy Compendium Note on the Private Sector and Humanitarian Relief****Overview: Oxfam International's position on the Private Sector and Humanitarian Relief**

- **Oxfam believes that the increasing involvement of the private sector in humanitarian relief can add to overall humanitarian capacity.** The private sector brings skills and competencies, and is likely to also bring new practices and perspectives to the humanitarian aid community.
- Any private sector involvement in humanitarian relief must conform with the **humanitarian principles** embodied in the Red Cross/Crescent and NGO Code of Conduct, including impartial aid based on assessed need, accountability to beneficiaries as well as donors, reduction of future vulnerability as well as immediate relief, and coordination.
- **Oxfam recommends that humanitarian agencies pursue long-term partnerships with private sector entities, so that the private sector's engagement in humanitarian work is strategic, and not just reactive.** Partnerships can be bilateral or through consortia, via a variety of modalities.
- **Oxfam has adopted processes for its own engagement with the private sector that it recommends to other humanitarian NGOs.** These include screening potential private sector partners to address ethical concerns, potential conflicts with Oxfam's mission and humanitarian principles, and conflicts of interest for the company. Pilot projects can test the working relationship and suitability/appropriateness of contributions before projects are scaled up.
- **These principles apply to private sector humanitarian engagement,** including response to natural disasters, conflicts, and complex emergencies, as well as in post-disaster recovery and reconstruction.

**1. Background**

In recent years, large-scale emergencies such as the 2004 Indian Ocean tsunami and earthquakes in Pakistan (2005) and Haiti (2010) have led many individuals and groups without prior humanitarian experience to become involved in relief work, including many private sector actors. Oxfam supports informed private sector involvement in humanitarian assistance where it contributes positively to the efforts of the humanitarian community, i.e. where it provides aid that helps to save lives, alleviate suffering, and promote human dignity, as well as the engagement of new actors in post-emergency recovery and reconstruction activities.

The private sector can add to humanitarian capacity through the skills and competencies it brings, particularly in logistics and information and communications technology. Humanitarian agencies can gain important insights from the private sector's emphasis on results and value-for-money, while remembering that the results that count are the impact on people in need, not just the measurement of outputs. The private sector may provide new practices and perspectives to the humanitarian aid community that contribute to improvements in the effectiveness of assistance. Domestic companies in the country affected by an emergency often bring important local knowledge that can improve humanitarian responses.

## 2. Principles of private sector engagement in humanitarian response

Private sector engagement in humanitarian relief can be on a philanthropic or commercial basis. Companies have long made charitable contributions to humanitarian causes. More recently, some have undertaken hands-on activity, such as in-kind donations, human resources support, and partnerships with traditional relief organizations. An example of this is the global logistics company TNT's partnership with the UN World Food Programme,<sup>1</sup> or Oxfam Novib's relationship with CapGemini, which provides advice on humanitarian supply chain management. Such relationships can improve humanitarian agencies' operations.

Commercial opportunities may exist for private sector companies in emergency situations. Established relief agencies may subcontract with private firms, or donors may contract directly with companies for such services as debris removal, development of drinking water systems, or telecommunications. But firms must not exploit disaster situations or affected people for excessive monetary gains, as has occurred, for example, in some private sector logistics operations in South Sudan. The overriding goal of humanitarian assistance must be direct and positive impact on the needs of the beneficiaries, regardless of any direct or indirect gains that a company may obtain.

When private sector firms engage in humanitarian assistance activities, Oxfam strongly encourages them to do so with guidance from, and in partnership with, experienced humanitarian actors. This will ensure that private sector contributions benefit from humanitarian agencies' decades of experience, do not inadvertently disrupt or displace more effective forms of assistance, and recognise the complexity of humanitarian environments.

All parties involved in humanitarian relief, whether on a philanthropic or commercial basis, should learn and abide by the Principles of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Response Programmes.<sup>2</sup> These include non-discriminatory aid provision based on assessed needs; independence from political control and any military operation; respect for local culture and custom; collaboration with local disaster response capacity and efforts to reduce future vulnerability; involvement of beneficiaries in aid management and respect for their dignity; and accountability of aid providers to both people affected by disasters and donors of relief aid.

Oxfam will enter into humanitarian partnerships with private sector firms on the basis of respect for these principles, and will require that the companies with which it works on humanitarian relief abide by well-established humanitarian quality and accountability standards.<sup>3</sup> Like other humanitarian actors, private sector companies, especially those implementing frontline delivery programs, need to coordinate their activities with the national government and local authorities and the UN-led cluster system<sup>4</sup> when that is present.

Oxfam also believes that humanitarian partnerships with private sector firms should prioritise domestic companies in the affected country whenever a suitable local partner (based on the criteria outlined in the next section) is available. At present, foreign companies sometimes receive no-bid contracts for relief work that a domestic firm could carry out.<sup>5</sup>

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<sup>1</sup> <http://www.group.tnt.com/aboutus/partnerships/index.aspx>

<sup>2</sup> <http://www.ifrc.org/en/publications-and-reports/code-of-conduct/>

<sup>3</sup> e.g., the standards established by the Sphere Project ([www.sphereproject.org](http://www.sphereproject.org)), People in Aid ([www.peopleinaid.org](http://www.peopleinaid.org)), the Humanitarian Accountability Project ([www.hapinternational.org](http://www.hapinternational.org)), the Inter-Agency Network for Education in Emergencies ([http://www.ineesite.org/index.php/post/inee\\_handbook/](http://www.ineesite.org/index.php/post/inee_handbook/)), the Active Learning Network for Accountability and Performance in Humanitarian Action ([www.alnap.org](http://www.alnap.org)), and the Guiding Principles for Public-Private Collaboration for Humanitarian Action devised by the World Economic Forum and the UN Office for the Coordination of Humanitarian Affairs, (<http://www.un.org/partnerships/Docs/Principles%20for%20Public-Private%20Collaboration%20for%20Humanitarian%20Action.pdf>).

<sup>4</sup> <http://www.oneresponse.info/Pages/default.aspx>.

<sup>5</sup> For example, the Associated Press reported that in 2010, 25 per cent of the US government contracts awarded for relief and reconstruction work in Haiti were provided to US firms on a no-bid basis; Haitian firms received just 1 per cent of the US government contracts. See [http://www.msnbc.msn.com/id/40631064/ns/world\\_news-haiti/t/would-be-haitian-contractors-miss-out-aid/](http://www.msnbc.msn.com/id/40631064/ns/world_news-haiti/t/would-be-haitian-contractors-miss-out-aid/).

### 3. Partnerships

Long-term partnerships between humanitarian agencies and private sector companies can help to ensure that the private sector actors offer their philanthropic or commercial support strategically rather than reactively. These alliances can be based on bilateral arrangements or consortia, and should aim to enhance the humanitarian response capacity of all the parties involved, including national governments, and to foster trust among partners. Humanitarian NGOs and their private sector partners should aim to establish a long-term relationship prior to their involvement in an emergency. When possible, NGOs and private sector firms should test a proposed relationship through pilot collaborations.

### 4. Processes and criteria for engagement with the private sector

Oxfam recommends several processes both for its own humanitarian engagement with the private sector and for other humanitarian NGOs. First, Oxfam will subject potential humanitarian partnerships with private sector firms to the **standard ethical screening** that it applies to all its private sector relationships.<sup>6</sup> In addition, Oxfam will consider companies' current and past social, financial, and environmental conduct, as well as their compliance with regulations, conventions, and sanctions. Further, Oxfam will develop and implement a due diligence 'risk framework' for its private sector engagement in humanitarian response to identify, mitigate, and prevent adverse impacts from its collaborations.

Oxfam will also use the following criteria to guide its humanitarian partnerships with private sector companies:

- 1) The relationship must be built on a joint recognition that assistance is provided by the private sector partner solely on humanitarian criteria;
- 2) The relationship must not cause or exacerbate conflict, or involve the use of security personnel;
- 3) The relationship should be based on the principles of corporate accountability<sup>7</sup> and respect for human rights;
- 4) The partnership should not lead to disruption of local markets, and should help to restore markets that are disrupted;<sup>8</sup>
- 5) The relationship must mitigate the risks of complicity, real or perceived, in bribery and corruption;<sup>9</sup>
- 6) The private sector partner must not have engaged in activities that contributed to creating the emergency; and
- 7) The partners must consider the sustainability of their relationship and the impacts of an exit strategy.

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<sup>6</sup> Oxfam will not establish partnerships with companies with links to arms manufacture, tobacco, agrochemicals, infant formula, or genetic engineering, or with industries, companies, or brands subject to specific, on-going campaigns by one or more Oxfam affiliates, such as mining, the oil industry, or pharmaceuticals.

<sup>7</sup> These would include, among others, including, *inter alia*, the OECD Guidelines for Multinational Enterprises ([http://www.oecd.org/department/0,3355,en\\_2649\\_34889\\_1\\_1\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/department/0,3355,en_2649_34889_1_1_1_1_1_1_1,00.html)), the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones (<http://www.oecd.org/dataoecd/26/21/36885821.pdf>), the Guiding Principles on Business and Human Rights (<http://www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework/GuidingPrinciples>), the International Finance Corporation Performance Standards on Social and Environmental Sustainability ([http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/pol\\_PerformanceStandards2006\\_full/\\$FILE/IFC+Performance+Standards.pdf](http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/pol_PerformanceStandards2006_full/$FILE/IFC+Performance+Standards.pdf)), and the Voluntary Principles on Security and Human Rights ([http://www.unglobalcompact.org/Issues/conflict\\_prevention/meetings\\_and\\_workshops/volsupport.html](http://www.unglobalcompact.org/Issues/conflict_prevention/meetings_and_workshops/volsupport.html)).

<sup>8</sup> Partnerships should use tools such as the Emergency Market Analysis tool employed by Oxfam, (see <http://www.oxfam.org.uk/resources/downloads/emergency-market-analysis-toolkit.pdf>).

<sup>9</sup> See OECD Convention on Combating Bribery of Foreign Public Officials in International business transactions ([www.oecd.org/daf/nocorruption](http://www.oecd.org/daf/nocorruption)) and Transparency International Business Principles for Countering Bribery ([www.transparency.org](http://www.transparency.org)).

## 5. Potential areas of partnership

Potential areas of partnership include:

- 1) **Secondments.** Placing staff from an NGO with a private company or vice versa could enable better mutual understanding, and allow each party to capitalize on its expertise.
- 2) **Pro bono and subsidized work.** Where they have an appropriate and/or relevant specialization, private companies may be able to provide consulting or other services to NGOs in order to enhance their ability to provide humanitarian aid.
- 3) **Supply of technology.** Such partnerships offer humanitarian agencies a more consistent and sustainable supply of technologies, while creating profit opportunities for private firms (for example, both Google and Microsoft have humanitarian branches).
- 4) **Joint projects.** A private sector company and an NGO may be able to implement a program together. This could be in an office or field location, and may or may not involve some remuneration for the private sector company.